



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Children's Health Programs Group
7500 Security Boulevard
Baltimore, MD 21244-1850

JUL 29 1998

Mary Dalton
Children's Health Insurance Plan Coordinator
State of Montana
Department of Public Health and Human Services
Cogswell Building
1400 Broadway
Helena, Montana 59620-2951

Dear Ms. Dalton:

Thank you for your July 7 responses regarding your State Children's Health Insurance Program under Title XXI of the Social Security Act. As you are aware, your responses have been undergoing review by the Department of Health and Human Services. The information you provided was very helpful; however, in order to proceed with our review, further clarification is necessary in the following areas:

1. Section 4.1.9, the eligibility of inmates of public institutions. Montana's policy as indicated in your response for a child who becomes an inmate of a public institution is not consistent with Title XXI. In addition to what has been approved in other States (i.e. termination of eligibility when a child becomes an inmate), we believe that a State could expedite re-enrollment to CHIP in order to receive FFP for services rendered if the child is an inpatient at a medical institution as allowable in Medicaid. Please revise your policy to meet CHIP requirements.
2. Section 4.3, the enrollment process. Please provide further details on the process of forwarding the CHIP application to the County Public Assistance Office, including the expected time frame for forwarding the information and whether the date of the CHIP application will constitute the initial date of the application for Medicaid. Please clarify the follow-up procedure that the State will use to ensure that potentially Medicaid eligible children enroll in Medicaid (note that a simple referral procedure to Medicaid would not meet the requirements of Title XXI.) Also, how will children who are identified as potentially Medicaid eligible but later determined not to be Medicaid eligible be enrolled in CHIP?

The following guidance is in follow-up to our conversations regarding the eligibility broker. After careful review of both Medicaid and CHIP laws and policies, we have determined that under a State Child Health Insurance Plan (non-Medicaid option), an eligibility broker may under certain circumstances assist families during the Medicaid application process. A private contractor (such as an eligibility broker), who is contracted with the State to perform Title XXI enrollment functions, may assist an applicant in completing the Medicaid application if the child has been found through the CHIP screening process to be potentially eligible for Medicaid, as

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long as the enrollment broker is being paid with only Title XXI finds, State employees continue to perform the final Medicaid eligibility determination and the family continues to have the option of seeking application assistance from State employees.

- 3. Section 8.2, the enrollment fee. The Department has reviewed Montana's proposal to extend the table in 42 CFR 447.52 (b) so that families with higher incomes would have a higher maximum monthly charge. The annual enrollment fees proposed in your response exceed the maximum monthly charge that is permissible under section 2103(e)(3). According to 42 CFR 447.52(c), a family may not be charged an enrollment fee that exceeds the monthly amounts specified in 42 CFR 447.52(b). Please revise your plan to comply with section 2103(e)(3) and the applicable regulations.
- 4. Section 9.10, the source of funding. Please detail the relationship between "Washington National Insurance Company", "Pioneer Life Insurance Company", and "Washington Life." Please describe the specific type(s) of insurance services provided by this/these company(ies); the types of violations allegedly committed by this/these company(ies); and the penalty process, including a reference to the applicable provision in State insurance law this/these company(ies) may have violated.

Under Section 2106 of the Social Security Act, HCFA must either approve, disapprove, or request additional information on a proposed Title XXI State Plan within ninety days. This letter constitutes our notification that specified additional information is needed in order to fully assess your plan. The 90-day review period has been stopped by this request and will resume as soon as a substantive response to **all** of the enclosed questions is received. The members of the review team would be happy to answer any questions you may have in regard to this letter and to assist your staff in formulating a response.

Please send your response, either on disk or electronically, as well as in hard copy to Diona Kristian, project officer for Montana's Title XXI proposal, with a copy to Spencer Ericson, Associate Regional Administrator for the HCFA Region XIII Division of Medicaid and State Operations. Ms. Kristian's Internet address is: DKristian@HCFA.GOV. Her mailing address is:

Division of Integrated Health Systems
Health Care Financing Administration
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, Maryland 21244-1850

We appreciate the efforts of your staff and share your goal of providing health care to low income, uninsured children through Title XXI. If you have questions or concerns regarding the matters raised in this letter, your staff may contact either Ms. Kristian at (410) 786-3283 or Mr. Ericson at

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(303) 844-2121. They will provide or arrange for any technical assistance you may require in preparing your response. Your cooperation is greatly appreciated.

Sincerely,

Richard Fenton
Deputy Director

cc: Denver Regional Office